

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CORINTH WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	92-521
AND FINANCE)	

O R D E R

By application filed November 20, 1992, Corinth Water District ("Corinth Water") is seeking authorization to construct a \$1,356,150 waterworks improvement project and for approval of its plan of financing for this project. Project funding includes a Kentucky Association of Counties Leasing Trust ("KACOLT") loan in the amount of \$1,245,000 and \$111,150 from applicants for service in the proposed area. The loan will be for a 25-year period at a projected interest rate of 5.74 percent. The actual interest rate is to be determined at the time of closing.

The proposed construction will provide water service to about 285 new residential customers. Plans and specifications for the proposed improvements prepared by Quest Engineers, Inc. of Lexington, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of 21.5 miles of 8-, 6-, 4-, 3-, and 2-inch diameter pipelines, and related appurtenances. Based upon the low bids submitted, and after allowances are made for fees, contingencies, other indirect costs, and additional construction being considered, the total cost of this project is approximately \$1,356,150.

3. Corinth Water should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Corinth Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Corinth Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

6. Corinth Water should furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be

classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

7. Corinth Water should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Corinth Water should require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

9. The financing plan proposed by Corinth Water is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Corinth Water be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed

construction project as set forth in the drawings and specifications of record herein, on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

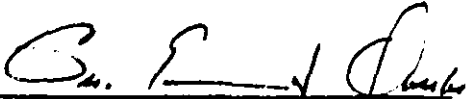
2. Corinth Water's financing plan consisting of a \$1,245,000 loan from KACOLT and a contribution from the applicants for service of \$111,150 is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Corinth Water's application.

3. Corinth Water shall comply with all matters set out in Findings 3 through 8 as if the same were individually so ordered.

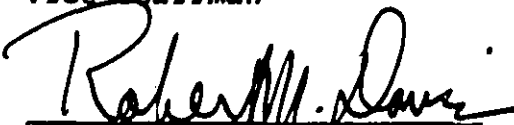
4. Corinth Water shall file with the Commission the actual interest rate within 30 days of the closing date.

Done at Frankfort, Kentucky, this 26th day of May, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director